

AMENDED IN ASSEMBLY JUNE 20, 2016

AMENDED IN ASSEMBLY JUNE 8, 2016

**SENATE BILL**

**No. 1263**

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**Introduced by Senators Wieckowski and Pavley**

February 18, 2016

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An act to amend Section 116540 of, and to add Section 116527 to, the Health and Safety Code, and to add Section 106.4 to the Water Code, relating to drinking water.

LEGISLATIVE COUNSEL'S DIGEST

SB 1263, as amended, Wieckowski. Public water system: permits.

(1) Existing law, the California Safe Drinking Water Act, imposes on the State Water Resources Control Board various responsibilities and duties relating to providing a dependable, safe supply of drinking water. The act prohibits a person from operating a public water system unless he or she first submits an application, including a technical report, to the state board and receives a permit, as specified. The act requires the state board, upon determination that the application is complete, to make a specified investigation, and allows the state board to impose permit conditions, requirements for system improvements, and time schedules as the state board deems necessary to ensure an affordable, reliable, and adequate supply of water at all times that is pure, wholesome, and potable. The act provides that a person who knowingly makes a false statement or representation in a report submitted, maintained, or used for purposes of compliance with the act may be punished as a misdemeanor.

This bill would require an application for a permit for a proposed new public water system to first submit a preliminary technical report to the board at least 6 months before initiating construction of any

water-related improvement, as defined. Because a misstatement in the report could be a crime under the provision described above, this bill would impose a state-mandated local program by expanding the scope of a crime. The bill would allow the board to direct the applicant to undertake additional discussion and negotiation with certain existing public water systems the board determines have the technical, managerial, and financial capacity to provide an adequate and reliable supply of domestic water to the service area of the proposed new public water system, as specified, and would require an applicant to comply before submitting an application for a permit to operate a system and would prohibit the application from being deemed complete unless the applicant has complied. ~~The bill would authorize the board to deny the permit would,~~ if the board determines that *it is feasible for the service area of the public water system can addressed by the application to be served by one or more currently permitted public water systems or that the proposed new public water system may lack the technical, managerial, or financial capacity to sustainably systems, authorize the board to deny the permit of a proposed new public water system if it determines that it is reasonably foreseeable that the proposed new public water system will be unable to provide affordable, safe drinking water in the reasonably foreseeable future, as prescribed.*

(2) Existing law allows the state board to delegate primary responsibility for the administration and enforcement of the act within a county to a local health officer if certain criteria are met. Existing law requires that the local primacy agency be empowered with all of the authority granted to the state board over the specified public water systems.

This bill would prohibit a local primacy agency from issuing a permit to operate a public water system without the concurrence of the state board. The bill would require, for a proposed *new* public water system that would be regulated by a local primacy agency, the applicant to also submit a copy of the preliminary technical report to the state board.

(3) Existing law declares the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. Existing law requires a city or county that determines a project, as defined, is subject to the California Environmental Quality Act to identify certain water systems that may supply water for the project and to request those public water systems to prepare and approve a specified water supply assessment. Under existing law, if no public water system

is identified, the city or county is required to prepare and approve the water supply assessment. Existing law provides that if, as a result of its assessment, the public water system or city or county concludes that its water supplies are, or will be, insufficient, the public water system or city or county is required to provide its plans for acquiring additional water supplies, as prescribed.

This bill would prohibit a city, including a charter city, or a county from issuing a building permit for the construction of a new residential development where a source of the water supply is water transported by a water hauler, bottled water, a water-vending machine, or a retail water facility. By imposing new duties on a city or county in connection with the issuance of a building permit, the bill would impose a state-mandated local program.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for specified reasons.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) There are over 7,500 public water systems in California.
- 4 The vast majority of these systems provide a reliable supply of
- 5 safe drinking water. However, there are hundreds of smaller public
- 6 water systems that consistently fail to provide a reliable supply of
- 7 safe drinking water to their customers. Many failing public water
- 8 systems were created without the necessary technical, managerial,
- 9 or financial capacity to be sustainable in the long term in view of
- 10 water supply uncertainties. These uncertainties can be created by
- 11 effects on water quality and quantity, global climate change,
- 12 migration of groundwater contamination, the establishment of new
- 13 drinking water standards, and other factors that are known to
- 14 significantly erode a system’s capacity.
- 15 (b) Failing public water systems disproportionately affect
- 16 disadvantaged communities who are least able to afford to address
- 17 the conditions that led to the failure.

1 (c) The proliferation of new, unsustainable public water systems  
2 also may undermine the state’s human right to water policy.

3 (d) Therefore, it is the policy of the state to discourage the  
4 establishment of new, unsustainable public water systems when  
5 there is a feasible alternative.

6 SEC. 2. Section 116527 is added to the Health and Safety Code,  
7 to read:

8 116527. (a) As used in this section, “water-related  
9 improvement” includes, but is not limited to, a water pipe, a water  
10 pump, or drinking water infrastructure.

11 (b) (1) Before a person submits an application for a permit for  
12 a proposed new public water system, the person shall first submit  
13 a preliminary technical report to the state board at least six months  
14 before initiating construction of any water-related improvement.

15 (2) In order to assist in expediting the permitting process, a  
16 person that is considering submitting an application for a permit  
17 for a proposed new public water system is encouraged, but is not  
18 required, ~~within seven days of an application to submit the~~  
19 *preliminary technical report no later than seven days after*  
20 *submittal of an application to the city or county* for a building  
21 permit for any water-related improvement ~~to submit the preliminary~~  
22 ~~technical report to the city or county.~~ *improvement.*

23 (3) For a proposed *new* public water system that would be  
24 regulated by a local primacy agency, the applicant shall also submit  
25 a copy of the preliminary technical report to the state board.

26 (c) The preliminary technical report shall include all of the  
27 following:

28 (1) The name of each public water system for which any service  
29 area boundary is within three miles, as measured through existing  
30 ~~public right-of-ways, rights-of-way,~~ of any boundary of the  
31 applicant’s proposed public water system’s service area.

32 (2) A discussion of the feasibility of each of the adjacent public  
33 water systems identified pursuant to paragraph (1) annexing,  
34 connecting, or otherwise supplying domestic water to the  
35 applicant’s ~~new~~ proposed *new* public water system’s service area.  
36 The applicant shall consult with an adjacent public water system  
37 in preparing the report and shall include in the report any  
38 information provided by an adjacent public water system regarding  
39 the feasibility of annexing, connecting, or otherwise supplying  
40 domestic water to that service area.

1 (3) A discussion of all actions taken by the applicant to secure  
2 a supply of domestic water from an existing public water system  
3 for the proposed new public water system's service area.

4 (4) All sources of domestic water supply for the proposed new  
5 public water system.

6 (5) The estimated cost to construct, operate, and maintain the  
7 proposed new public water system, including long-term operation  
8 and maintenance costs and a potential rate structure.

9 (6) A comparison of the costs associated with the construction,  
10 operation and maintenance, and long-term sustainability of the  
11 proposed new public water system to the costs associated with  
12 providing water to the proposed new public water system's service  
13 area through annexation by, consolidation with, or connection to  
14 an existing public water system.

15 (7) A discussion of all actions taken by the applicant to pursue  
16 a contract for managerial or operational oversight from an existing  
17 public water system.

18 (8) An analysis of whether a ~~new~~ proposed *new* public water  
19 system's total projected water supplies available during normal,  
20 single dry, or multiple dry water years during a 20-year projection  
21 will meet the ~~project~~ *projected* water demand for the service area.

22 (d) (1) If documents prepared to comply with Division 13  
23 (commencing with Section 21000) of the Public Resources Code  
24 or any other application for public agency approval concerning  
25 providing drinking water to the ~~new~~ proposed *new* public water  
26 system's service area include the information required by  
27 subdivision (c), *including documentation of the consultation with*  
28 *an adjacent public water system*, the applicant may submit those  
29 documents to the state board in lieu of the preliminary technical  
30 report and the documents shall be considered the functional  
31 equivalent of the preliminary technical report.

32 (2) If documents prepared to comply with Division 13  
33 (commencing with Section 21000) of the Public Resources Code  
34 or any other application for public agency approval concerning  
35 providing drinking water to the ~~new~~ proposed *new* public water  
36 system's service area include some, but not all, of the information  
37 required by subdivision (c), *including documentation of the*  
38 *consultation with an adjacent public water system*, the applicant  
39 shall submit those documents and the preliminary technical report  
40 to the state board and together those documents and the preliminary

1 technical report shall be considered the functional equivalent of  
2 the preliminary technical report requirements of this section. A  
3 preliminary technical report submitted pursuant to this paragraph  
4 shall only be required to include information that is not otherwise  
5 addressed by the other submitted documents.

6 (e) Upon review of a preliminary technical report submitted  
7 pursuant to this section, the state board may do all of the following  
8 actions:

9 ~~(1) If the applicant has not already sought annexation or an~~  
10 ~~extension of services agreement from the local agency formation~~  
11 ~~commission, an existing public water system has not already sought~~  
12 ~~annexation of the service area of a proposed new water system~~  
13 ~~from the local agency formation commission or the applicant has~~  
14 ~~not already sought an extension of services agreement from an~~  
15 ~~existing public water system, direct the applicant to undertake~~  
16 additional discussion and negotiation with any existing public  
17 water system meeting the requirements of paragraph (1) of  
18 subdivision (c) that the state board determines has the technical,  
19 managerial, and financial capacity to provide an adequate and  
20 reliable supply of domestic water to the service area of the proposed  
21 new public water system. The state board shall not direct the  
22 applicant to undertake additional discussion and negotiation if  
23 documentation submitted to the state board demonstrates that  
24 additional discussion and negotiation is unlikely to be successful,  
25 including, but not limited to, documentation that a local agency  
26 formation commission has already denied the application for an  
27 ~~extension or annexation.~~ *extension of service or annexation, or*  
28 *that the existing public water system has declined to apply to the*  
29 *local agency formation commission for approval of an extension*  
30 *of services to, or annexation of, the service area of the proposed*  
31 *new public water system.*

32 (2) Direct the applicant to report on the results of discussion  
33 and negotiations conducted pursuant to paragraph (1) to the state  
34 board.

35 (3) Establish a time schedule for the applicant's performance  
36 of directives issued pursuant to this subdivision.

37 (f) (1) An applicant shall comply with the state board's  
38 directives as assigned in and consistent with subdivision (e) before  
39 submitting an application for a permit under this chapter.

1 (2) An application for a permit for a *proposed* new public water  
2 system under this chapter shall not be deemed complete unless the  
3 applicant has complied with the requirements of this section.

4 (g) The state board's review of a preliminary technical report  
5 pursuant to this section shall not be deemed ~~approval~~ of a project  
6 or approval of a permit application submitted under this chapter.

7 (h) The requirements of this section do not apply to ~~an~~ *either*  
8 *of the following*:

9 (1) An application for a permit for a new public water system  
10 that was deemed complete prior to January 1, 2017, pursuant to  
11 the statutory permit application requirements effective at the date  
12 of the permit submittal.

13 (2) *An extension of, or annexation to, an existing public water*  
14 *system.*

15 (i) (1) The requirements of this section do not apply to a service  
16 area where an applicant certifies in writing to the state board that  
17 the applicant will not rely on the establishment of a new public  
18 water system for its water supply. The state board shall  
19 acknowledge receipt of the applicant's certification in a timely  
20 manner.

21 (2) An applicant who certifies that the service area will not rely  
22 on the establishment of a new public water system and later seeks  
23 a permit for a new public water system shall comply with the  
24 provisions of this section and shall assume all risk of delay or  
25 rejection related to the permit application.

26 (j) (1) The provisions of this subdivision apply to a proposed  
27 new public water system that achieves either or both of the  
28 following:

29 (A) Consolidates two or more existing public water systems,  
30 existing state small water systems, or other existing water systems,  
31 which results in the creation of a new public water system.

32 (B) Provides water service in lieu of individual domestic wells.

33 (2) At least six months before the construction of any  
34 water-related improvements, an applicant for a new public water  
35 system that meets the criteria in paragraph (1) shall provide a  
36 written notice to the state board that does both of the following:

37 (A) Clearly describes the proposed new public water system  
38 and how it meets the criteria in paragraph (1).

39 (B) Requests an exemption from the requirements of this section.

1 (3) The state board shall promptly acknowledge receipt of a  
2 written notice described in paragraph (2). The state board shall  
3 have 30 days from the acknowledgment of receipt of the written  
4 notice to issue a written notice to the applicant that compliance  
5 with the requirements of this section is necessary and that an  
6 application for a permit of a new public water system under this  
7 chapter is not complete until the applicant has complied with the  
8 requirements of this section. A determination by the state board  
9 that compliance with the requirements of this section is necessary  
10 shall be final and is not subject to review. A determination by the  
11 state board pursuant to this subdivision is not considered a project  
12 subject to Division 13 (commencing with Section 21000) of the  
13 Public Resources Code.

14 (4) If the state board receives a written notice from a project  
15 applicant that satisfies the requirements of paragraph (2), the  
16 project described in the notice is deemed exempt from the  
17 requirements of this section on the 35th day following the date of  
18 the state board's acknowledgment of receipt of the written notice,  
19 unless the state board has issued a notice to comply pursuant to  
20 paragraph (3).

21 SEC. 3. Section 116540 of the Health and Safety Code is  
22 amended to read:

23 116540. (a) Following completion of the investigation and  
24 satisfaction of the requirements of paragraphs (1) and (2), the state  
25 board shall issue or deny the permit. The state board may impose  
26 permit conditions, requirements for system improvements,  
27 technical, financial, or managerial requirements, and time schedules  
28 as it deems necessary to ensure a reliable and adequate supply of  
29 water at all times that is pure, wholesome, potable, and does not  
30 endanger the health of consumers.

31 (1) A public water system that was not in existence on January  
32 1, 1998, shall not be granted a permit unless the public water  
33 system demonstrates to the state board that the water supplier  
34 possesses adequate financial, managerial, and technical capability  
35 to ensure the delivery of pure, wholesome, and potable drinking  
36 water. This section shall also apply to any change of ownership  
37 of a public water system.

38 (2) A permit under this chapter shall not be issued to an  
39 association organized under Title 3 (commencing with Section  
40 18000) of the Corporations Code. This section shall not apply to

1 unincorporated associations that, as of December 31, 1990, are  
2 holders of a permit issued under this chapter.

3 (b) Notwithstanding Section 116330, a local primacy agency  
4 shall not issue a permit under this article without the concurrence  
5 of the state board.

6 (c) In considering whether to approve a proposed new public  
7 water system, the state board shall consider the sustainability of  
8 the proposed new public water system and its water supply in the  
9 reasonably foreseeable future, in view of global climate change,  
10 potential migration of groundwater contamination and other  
11 potential treatment needs, and other factors that can significantly  
12 erode a system's capacity.

13 ~~(d) The state board may deny the permit if it determines either~~  
14 ~~of the following:~~

15 ~~(1) That it is feasible for the service area of the proposed new~~  
16 ~~public water system addressed by an application under this chapter~~  
17 ~~to be served by one or more currently permitted public water~~  
18 ~~systems.~~

19 ~~(2) That the proposed new public water system may lack the~~  
20 ~~technical, managerial, or financial capacity to sustainably provide~~  
21 ~~affordable, safe drinking water in the reasonably foreseeable future~~  
22 ~~based on its assessment of the preliminary technical report~~  
23 ~~submitted pursuant to Section 116527, the permit application,~~  
24 ~~relevant substantial evidence, or the factors considered pursuant~~  
25 ~~to subdivision (e).~~

26 *(d) If the state board determines that it is feasible for the service*  
27 *area of the public water system addressed by an application under*  
28 *this article to be served by one or more permitted public water*  
29 *systems identified pursuant to paragraph (1) of subdivision (c) of*  
30 *Section 116527, the state board may deny the permit of a proposed*  
31 *new public water system if it determines, based on its assessment*  
32 *of the preliminary technical report submitted pursuant to Section*  
33 *116527, the permit application, and other relevant, substantial*  
34 *evidence submitted, that it is reasonably foreseeable that the*  
35 *proposed new public water system will be unable to provide*  
36 *affordable, safe drinking water in the reasonably foreseeable*  
37 *future.*

38 (e) An applicant may appeal decisions and actions of the deputy  
39 director taken pursuant to this section to the state board.

40 SEC. 4. Section 106.4 is added to the Water Code, to read:

1 106.4. (a) For the purposes of this section:  
2 (1) “Bottled water” has the same meaning as defined in Section  
3 111070 of the Health and Safety Code.  
4 (2) “Residential development” has the same meaning as defined  
5 in Section 65008 of the Government Code.  
6 (3) “Retail water facility” has the same meaning as defined in  
7 Section 111070 of the Health and Safety Code.  
8 (4) “Water-vending machine” has the same meaning as defined  
9 in Section 111070 of the Health and Safety Code.  
10 (5) “Water hauler” has the same meaning as defined in Section  
11 111070 of the Health and Safety Code.  
12 (b) A city, including a charter city, or a county shall not issue  
13 a building permit for the construction of a new residential  
14 development where a source of water supply is water transported  
15 by a water hauler, bottled water, a water-vending machine, or a  
16 retail water facility.  
17 (c) The Legislature finds and declares that this section addresses  
18 a matter of statewide concern and not a municipal affair, as that  
19 term is used in Section 5 of Article XI of the California  
20 Constitution.  
21 SEC. 5. No reimbursement is required by this act pursuant to  
22 Section 6 of Article XIII B of the California Constitution because  
23 a local agency or school district has the authority to levy service  
24 charges, fees, or assessments sufficient to pay for the program or  
25 level of service mandated by this act or because costs that may be  
26 incurred by a local agency or school district will be incurred  
27 because this act creates a new crime or infraction, eliminates a  
28 crime or infraction, or changes the penalty for a crime or infraction,  
29 within the meaning of Section 17556 of the Government Code, or  
30 changes the definition of a crime within the meaning of Section 6  
31 of Article XIII B of the California Constitution.

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